

## Guidelines on Item 5, Part Two of the Fifth Schedule to the VAT Act - Sports

Date: 21<sup>st</sup> January 2025

### **Purpose and Background**

Item 5 of Part Two of the Fifth Schedule to the Value Added Tax Act exempts from VAT without the right of deduction of input VAT:

*"The supply by non-profit making organisations of such services related to sport or physical recreation and provided to persons taking part in sport or physical education as may be approved by the Minister."*

This provision transposes article 132(1)(m) of Council Directive 2006/112/EC which provides that Member States shall exempt without the right of deduction of input VAT *"the supply of certain services closely linked to sport or physical education by non-profit-making organisations to persons taking part in sport or physical education"*.

The purpose of this document is for the Commissioner for Tax and Customs ('CfTC') to provide guidance, in conformity with article 75(2) of the VAT Act, on the application of the aforementioned exemption.

Reference may also be made to the Government Gazette number 838 issued on 16<sup>th</sup> July 2019.

### **Interpretation**

The application of the exemption applicable to non-profit making organisations on the supply of such services related to sport or physical education shall be subject to the following conditions:

1. the provider is a "non-profit making organisation" as defined under item 5, Part Five of the Fifth Schedule to the VAT Act; and
2. the exemption applies only to such services that are closely linked to sport or physical education and where the services are provided to the person taking part in sport or physical education.

### **Disclaimer**

These guidelines shall not prejudice in any way any of the powers of the CfTC in terms of the VAT Act.

These guidelines shall replace and supersede any previously applicable guidelines on the same matter. Notwithstanding, this shall not prejudice the application of any previous guidelines prior to the date of publication of these guidelines.

The CfTC reserves the right to substitute, alter or withdraw these guidelines as necessary at any time.

These guidelines shall apply only in respect of assessing the VAT treatment of supplies from a Maltese VAT perspective which take place in Malta.